

JURISDICTION.

The jurisdiction of this Court is invoked under Section 240(a) of the Judicial Code as amended by the act of February 13, 1925; 28 U.S.C. 347(a); and also by reason of diversity of decision with respect to grave and important rules of patent law.

The decision of the United States Circuit Court of Appeals for the Ninth Circuit is in conflict with the decisions of this Court and of other Circuit Courts of Appeals on the same identical issues.

Cases believed to sustain the jurisdiction include:

Klaxon Co. v. Stentor Electric Mfg. Co., 313 U.S. 487, 49 U.S.P.Q. 515;

Fashion Originators' Guild of America v. Federal Trade Commission, 312 U.S. 457, 48 U.S.P.Q. 483;

Milcor Steel Co. v. Geo. A. Fuller Co., 316 U.S. 143, 53 U.S.P.Q. 268;

U. S. Industrial Chem., Inc. v. Carbide & Chem. Corp., 315 U.S. 668, 53 U.S.P.Q. 6.

PETITION FOR REHEARING.

A petition for rehearing herein was denied by the Circuit Court of Appeals for the Ninth Circuit on July 16, 1943. (IV R. 870.)

STATEMENT.

The controlling facts, together with the single question herein involved and stated by the Appellate Court itself and the assignments of error, appear sufficiently set out in the foregoing petition, except that we might briefly quote the following from the Ninth Circuit Court of Appeals' decision (IV R. 859) as showing in brief the nature of the patent immediately in issue:

"Patent No. 1,892,435 (1932) relates to a combined air gauge and filling valve, through which by the operation of a trigger valve compressed air is permitted to fill the tire. The air pressure in the tire forces the air gauge to register the pressure poundage. It was originally filed June 3, 1929, as a division patent of Marchus' copending application which matured into Patent No. 1,715,463, issued June 4, 1929. Only claim 1 of the patent is in issue under the pleadings."

ARGUMENT.

This case, it is respectfully urged, squarely points a conflict between corresponding controlling decisions of this Court and the decisions of various Courts of Appeal and particularly between the decisions of the Ninth Circuit Court of Appeals on the one hand and contrary decisions of the Second Circuit (*A. Schrad-er's Sons v. Wein Sales Corp.*, 9 Fed. (2d) 306, 307) and the Sixth Circuit (*Hazeltine Corp. v. Crosley Corp.*, 130 Fed. (2d) 344; and of conflict between the Ninth Circuit Court of Appeals and this Honorable Court on the same point of law as seen in *Exhibit Supply Co. v. Ace Patents Corp.*, 315 U.S. 126.,

There appears, in fact, a growing misapprehension on the part of the Federal Appellate Courts as to proper procedure in cases where neither party questions the validity of a patent on appeal and where there is, of course, no collusion and the patent is not one of trivial concern or so void on its face that a court must take cognizance that the invention involved is not patentable (*Dunbar v. Myers*, 94 U.S. 187) and where otherwise the only question is that of infringement and scope of the patent.

A brief review of the authorities pro and con show:

Exhibit Supply Co. v. Ace Patents Corp., 315 U.S. 126.

While the facts there are stated briefly, the pronouncement of law here contended for by petitioner seems clearly stated. It was said (p. 276):

“The defenses were non-invention in view of the prior art, anticipation by prior publication, use and sale, non-infringement and a file wrapper estoppel. * * * Upon full consideration of the issues the District Court and the Circuit Court of Appeals for the Seventh Circuit held claim 4 of the patent valid and infringed.

* * * * *

“Neither in their petition nor in their brief and argument in this Court have petitioners contended that the patent is invalid for want of invention.”

The majority of the Court thereupon considered the question of invalidity as foreclosed against defendant on appeal and proceeded to consider the question of infringement. In so doing, they reviewed the file

wrapper contents to determine the scope of the claim in issue and held it infringed.

The Court did not recognize the existence of any conflict of decision, apparently accepting the law as settled on that point, merely saying (p. 276) :

“Although there is no conflict of decision, we were moved to grant the petition by the nature of the questions presented, together with a showing that the industry affected by the patent is located in the seventh circuit so that litigation in other circuits resulting in a conflict of decision would not be likely to occur.”

Petitioner's viewpoint on the holding there is borne out by reference to this *Ace Patents* case in two later and separate decisions by the Second Circuit, viz.: *Aero Spark Plug Co. v. B. G. Corp.*, 130 Fed. (2d) 290, and *Cover v. Schwartz*, 133 Fed. (2d) 541.

In the *Spark Plug* case appears the following (p. 350) :

“In *Exhibit Supply Co. v. Ace Corp.*, 315 U. S. 126 (52 USPQ 275), a majority of the court refused to consider whether a patent was invalid for want of invention while holding there was no infringement; but **that refusal was explicitly rested on the sole ground that the issue of lack of invention was not before the court** as it had been raised by the alleged infringer neither in its petition for certiorari nor in its brief filed in the Supreme Court. That, however, is not the situation here.”

THE RULE OF THE SECOND CIRCUIT.

That this had long been the rule in the Second Circuit is seen by the earlier case of *A. Schrader's Sons v. Wein Sales Corp.*, 9 Fed. (2d) 306, 307 (1925).

THE SIXTH CIRCUIT RULE.

Hazeltine Corp. v. Crosley Corp., 130 Fed. (2d) 344 (6 C.C.A.).

In this case the facts are shown in the opinion (p. 349):

"* * * no conclusions of law were stated by the district court with respect to the validity of the patent claims in issue. Nevertheless, the appellant urges that this court should pass upon the validity of the claim of the MacDonald patents. We cannot agree that such procedure would be appropriate."

In deciding against the appellant the Court said concerning the *Mills Novelty Company* case (a case cited by the Ninth Circuit Court of Appeals for support of its position) (p. 349):

"The authority lends no support to appellant's insistence that the validity of the patents should be adjudicated in the instant case; * * *."

And at page 350 the Court says:

"We are not obliged to adjudicate validity in behalf of the owner of a patent who has appealed from a decree adjudicating non-infringement. An adjudication upon the validity of the patent would be as moot in the one case as in the other."

To the same effect appears the earlier case of *Republic Iron & Steel Co. v. Youngstown S. & T. Co.*, 272 Fed. 386 (1921) 6 C. C. A. The first and second syllabi read:

1. "Where, in a suit for the infringement of two patents, the court granted the usual interlocutory decree for injunction and accounting on one of the patents, and expressed no opinion as to the other, the validity of the second patent is not open to consideration on an appeal from such interlocutory decree."

2. "The Circuit Court of Appeals must take notice that it has no jurisdiction of the question as to the validity of a patent as to which the District Court expressed no opinion, though the objection is not made by either party."

A case cited by the 9th Circuit Court of Appeals as favoring the doctrine of the 6th Circuit Hazeltine case is *Shakespeare Co. v. Perrine Mfg. Co.*, 91 Fed. (2d) 199 (1937) 8th C. C. A., in which the Court said (p. 201):

"Since the trial court, following what we deem the usual and better practice when lack of infringement develops, did not pass upon the validity of the patent in suit (*Irvin v. Buick Motor Co.* (C. C. A.), 88 F. (2d) 947), we do not consider the question of validity, because it is not involved here."

Cases Contra:

Of the cases allegedly holding contrary to the doctrine of the cases last above considered, the 9th Circuit Court of Appeals refers to the following:

Kool Kooshion Mfg. Co. v. Mitchell Mfg. Co.,
102 Fed. (2d) 37 (8 CCA).

The Court there expressly said that one of the issues presented on the appeal was the "validity of claim 3" as well as its scope and infringement. The special defense of invalidity was "indefiniteness" and the Court said (p. 39):

"Our doubt is as to whether the ground for invalidity now urged is within the pleadings and was ever presented to the trial court. Were it necessary for disposition of this appeal to determine this issue of invalidity, we would do so. However, we are convinced that there was no infringement of claim 3 (if valid) and, therefore, **we prefer to avoid the above doubtful situation**, and to resolve the appeal upon the ground of non-infringement."

But as the Court found non-infringement (p. 37) they did not feel called upon to pass upon "the above doubtful situation".

Mills Novelty Co. v. Monarch Tool & Mfg. Co.,
49 Fed. (2d) 28 (6 C. C. A.).

It is not seen how this case is in point because validity of two patents was directly in issue, as shown by the following statement of fact in the opinion (p. 29):

"The District Court's opinion held that Enz was invalid for lack of invention; that Schoen was valid and infringed; that the defense of laches was not good; and that the title to Schoen had failed through the effect of bankruptcy proceedings. The bill was therefore dismissed by a single entry, making no recitals; and the plain-

tiff appeals, assigning as error mainly that Enz should have been held good and infringed and that the plaintiff's title to Schoen should have been sustained."

The appellants' attempt to narrow the issue on appeal was denied by the Court, the Court saying (p. 29):

"On the argument here, defendant presents several of the defenses urged below; appellant insists we should consider only the questions which the District Court decided against it. This is not the rule. Appeals in equity bring up the whole case (with certain inferences in favor of the decree below), and the decree below should be sustained if it was right for any reason."

It has already been pointed out above in the *Hazeltine* case how this *Mills* case was differentiated from the *Hazeltine* case.

Herman Body Co. v. St. Louis Body & Equipment Co., 46 Fed. (2d) 879 (8 C. C. A.).

The first syllabus reads (p. 879):

"Question of validity of patent can be reviewed regardless of fact that trial court declaring non-infringement expressed no opinion on validity and there was no cross-appeal."

This case points to several cases apparently on opposite sides of the question and finally the Court concludes that as far as the 8th Circuit is concerned, it is governed by the ruling in *Tropic-Aire, Inc. v. Sears, Roebuck & Co.*, 44 Fed. (2d) 580. However, a reading

of the *Tropic-Aire* case gives no inkling of how that issue arose. There was a decree of dismissal and plaintiff appealed. The Court said (p. 580):

“The trial court held that claims 6 and 7, being the ones alleged to be infringed by appellee’s device, were so limited by the prior art that appellee’s device was not an infringement thereof.”

The Ninth Circuit Court of Appeals also refers to a dictum of its own in the prior case of *Oliver-Sherwood Co. v. Patterson-Ballagh Corp.*, 95 Fed. (2d) 70 (9 C. C. A.).

The doctrine of the *Oliver-Sherwood* case was followed and approved by the same Court in *Willamette Hyster Co. v. Pacific Car & Foundry Co.*, 122 Fed. (2d) 496. Thus we see that as far as the Ninth Circuit is concerned, it is fully committed to the doctrine followed in the instant case.

Oliver-Sherwood Co. v. Patterson-Ballagh Corp., 95 Fed. (2d) 70,

was, as said in the Marchus opinion, pure dicta as seen by the following from the opinion of Judge Wilbur (p. 72):

“Bettis filed a cross-appeal in which he attacks the finding and judgment of the trial court holding the Bettis and Perry patent invalid and not infringed and the finding of validity of plaintiffs’ patents. The Patterson-Ballagh Corporation, no longer interested in the Bettis patent, secured a severance and filed a separate cross-appeal in which it confines its attack upon the decree to that portion of the findings and decree

which holds valid the Sherwood patents 1,416,988 and 1,510,804. This it could have done as appellee without a cross-appeal. *Herman Body Co. v. St. Louis Body, etc., Co.*, 8 Cir., 46 F.2d 879; Cf. *Morley Const. Co. v. Maryland Cas. Co.*, 300 U. S. 185, 57 S. Ct. 325, 81 L. Ed. 593."

Turning to the *Morley* case of this Court, last above cited, the Court said (p. 597):

"Without a cross-appeal, an appellee may 'urge in support of a decree any matter appearing in the record although his argument may involve an attack upon the reasoning of the lower court or an insistence upon matter overlooked or ignored by it'. *United States v. American R. Exp. Co.*, 265 U.S. 425, 435, 68 L. ed. 108, 1093, 44 S. Ct. 560. **What he may not do in the absence of a cross appeal is to 'attack the decree with a view either to enlarging his own rights thereunder or of lessening the rights of his adversary, whether what he seeks is to correct an error or to supplement the decree with respect to a matter not dealt with below'. Ibid.** The rule is inveterate and certain." (Citing numerous cases.) (Emphasis supplied.)

We submit that the Ninth Circuit Court of Appeals in reading this *Morley* case overlooked the emphasized portion above, since latter seems to be entirely consistent with the holding of this Court in the later *Ace Patents* case, *supra*.

In conclusion, it is clear that sharp conflict exists among the several Courts of the several circuits as to the rule to be followed in a case where an Appel-

late Court is confronted with a situation which, after finding infringement they summed up in the query:

“* * * our right to consider the validity of the patent in a situation where the trial court was silent on the subject, and where the appellant assigned no error and the appellees brought no cross-appeal raising the issue. There is some conflict in the authorities on the question.”

In view of the frequent recurrence of the problem as well as conflict of approach to the problem between circuits, and the importance of the question involved to the public and to patent owners alike, it would seem to be the duty of this Honorable Court to clarify the law on the subject.

Dated, San Francisco, California,
September 3, 1943.

Respectfully submitted,

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